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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/703,357	10/31/2000	Michelle Banaugh	WELL0011	3231
22862	7590	08/26/2005	EXAMINER	
GLENN PATENT GROUP 3475 EDISON WAY, SUITE L MENLO PARK, CA 94025			KYLE, CHARLES R	
			ART UNIT	PAPER NUMBER
			3624	

DATE MAILED: 08/26/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)	
	09/703,357	BANAUGH ET AL.	
	Examiner	Art Unit	
	Charles Kyle	3624	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) Responsive to communication(s) filed on 21 June 2005.
- 2a) This action is FINAL. 2b) This action is non-final.
- 3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) Claim(s) 1-68 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) Claim(s) _____ is/are allowed.
- 6) Claim(s) 1-68 is/are rejected.
- 7) Claim(s) _____ is/are objected to.
- 8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) The specification is objected to by the Examiner.
- 10) The drawing(s) filed on _____ is/are: a) accepted or b) objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) All b) Some * c) None of:
1. Certified copies of the priority documents have been received.
 2. Certified copies of the priority documents have been received in Application No. _____.
 3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|---|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ . |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| Paper No(s)/Mail Date. _____ . | 6) <input type="checkbox"/> Other: _____ . |

DETAILED ACTION

Claim Rejections - 35 USC § 112

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

The rejection under 35 U.S.C. 112, second paragraph referring translatable message units of the last office action is withdrawn based on Applicants' amendment.

Claims 1-68 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Each of Claims 1-68 recites "said merchant's web page is communicatively coupled to a decision engine by a message unit architecture". Message unit architecture would specify the structure of a message, such as the specification of a TCP/IP message as comprising a TCP header, IP header and data. Use of the word "coupled" suggests a structural element between the decision engine and web page; it is unclear how a static description of a message format would provide such coupling. Applicant's inclusion of the word "communicatively" adds little substance; communication is inherent to a message unit.

The Examiner has examined the Claims to the best of his ability given their condition. Applicants fail to convey what they consider to be their inventive feature in the presented Claims.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 1-9, 11-13, 16-23, 25-43, 45-47, 50-57, 59-68 are rejected under 35 U.S.C. 103(a) as being unpatentable over US 6,029,150 *Kravitz* in view of US 6,330,546 *Gopinathan et al* and further in view of US 2002/0032612 *Williams et al*.

With respect to Claim 35, *Kravitz* discloses the invention substantially as claimed, including in a method for providing a decisioning solution to a merchant (Col. 3, lines 30-61), acceptance of Internet transactions from participating parties (Summary of the Invention) and facilitation of payments between participating parties and said merchant (Col. 7, lines 12-26), including steps of:

Said merchant receiving from at least one participating party of said participating parties at least one Internet transaction of a Web page of said merchant (Col. 24, line 31 to Col. 25, line 25, line 30), wherein said merchant's Web page is coupled to that of the participating party by a message unit architecture (TCP/IP, i.e Transmission Control/**Internet** protocol packet format, inherent to **Internet** functionality);

Responsive to receiving said at least one Internet transaction, said merchant's Web page using said message architecture to obtain approval (Col. 12, line 60 to Col. 13, line 36);
Authenticating said at least one participating party (Col. 7, lines 9-30);
Processing and reconciling funds (Col. 12, lines 3-28; Col. 13, lines 12-26)

The Examiner notes that the phrasing “any of” at page 15, lines 4-5 of the amendment requires disclosure of only one of the functions immediately following. At least the limitation “processing and reconciling funds” is disclosed by *Kravitz*, as above.

Further, receipt of orders and merchant submission of order information for transaction approval was old and well known at the time of the invention. For example, receipt of credit card orders and merchant requests for approval of the related credit card transaction was frequently done in the normal course of Internet commerce.

Kravitz also discloses that a decisioning system works on behalf of a merchant to facilitate processing of payments to the merchant from another party at Col. 3, lines 30-61 and that a merchant facilitates processing an ACH transfer of funds (Col. 11, line 61 to Col. 12, line 22) directly through an message unit interface (Col. 12, lines 6-14 and Col. 37, lines 61-64). Although *Kravitz* discusses risk decision making for transactions at Col. 3, lines 42-51 and Col. 49, lines 27-35, it does not specifically disclose the details of indicating a clearance to make transactions based on risk assessment. *Gopinathan* generally discloses features as recited in the preambles of Applicants’ claims in connection with detection of fraudulent transactions, like those of *Kravitz*. See at least Abstract, Background of the Invention and Summary of the Invention. *Gopinathan* specifically discloses remaining claim limitations of reporting suspicious activity (Figure 4) and clearance to transact based on determined risk (Summary of the Invention; Figure 16; Col. 25, lines 44-62). *Gopinathan* further discloses providing a decisioning engine for providing a decisioning solution to a merchant, wherein said decisioning solution indicates clearance to the merchant to transact with parties, wherein the decisioning solution is based on a determined risk of a party at Col. 25, lines 28-62.

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have included the decision making solution disclosed by *Gopinathan* in the electronic payments invention of *Kravitz* because this would have reduced risk of loss to users of the combination. This is specifically set out by *Gopinathan* as a desirable goal at the Col. 1, lines 29-63 and set forth below:

In the following discussion, the term "credit card" will be used for illustrative purposes; however, the techniques and principles discussed herein apply to other types of customer accounts, such as charge cards, bank automated teller machine cards and telephone calling cards.

Credit card issuers conventionally attempt to limit fraud losses by immediately closing a customer's account upon receiving a report that the card has been lost or stolen. Typically, the customer's credit information is then transferred to a new account and a new card is issued. This procedure is only effective in limiting fraudulent use of lost or stolen cards after the loss or theft has been reported to the issuer.

In many cases, however, fraudulent use occurs without the knowledge of the cardholder, and therefore no report is made to the issuer. This may occur if the customer is unaware that the card has been lost or stolen, or if other techniques are employed to perpetrate the fraud, such as: use of counterfeit cards; merchant fraud; application fraud; or interception of credit cards in the mail. In all these situations, the fraudulent use may not be detected until (and unless) the cardholder notices an unfamiliar transaction on his or her next monthly statement and contests the corresponding charge. The concomitant delay in detection of fraud may result in significant losses. User fraud, in which the user claims that a valid transaction is invalid, is also possible.

Applicant has amended the Claims to recite messages including inputting an order ID which identifies a transaction to be refunded and display of related status, transaction amount and balance. For purpose of examination, “transaction balance” is understood to be the refund amount. *Williams* discloses these limitations in connection with a return/refund transaction at paras. 638-639, at least. It would have been obvious to one of ordinary skill in the art at the time of the invention to include the order and related refund data ID of *Williams* in the method of *Kravitz* because this would provide a unique identifier for a transaction and ready access to related transaction data to be refunded.

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As to new limitation reciting connection to and ACH for electronic check processing using a NACHA format for electronic checks, Official Notice is taken that the use of these technologies was old and well known at the time of the invention. For example, the use of such technologies for paper checks was adapted to process checks in electronic form. It would have been obvious to one of ordinary skill in the art at the time of the invention to modify *Kravitz* to use ACH/NACHA technologies to make use of familiar and readily available check processing methods and systems.

Limitations of Claims 36-43, 45-47, 50-52, 54-57, 59-62 and 64-68 are also disclosed by the prior art cited above or were old and well known in Internet commerce.

As to Claims reciting a predetermined processing time, such predetermination would be obvious to assure a termination condition for the decisioning process.

With respect to Claims 1-9, 11-13, 16-18, 20-23, 30-34, they are the system form of Claims rejected above and are rejected in a like manner.

Claims 14, 15, 48 and 49 are rejected under 35 U.S.C. 103(a) as being unpatentable over *Kravitz* and *Gopinathan et al* in view of *Blazing A Trail in Point of Sale Transaction*.

With respect to Claims 14 and 48, *Kravitz* and *Gopinathan* disclose the invention substantially as claimed. See the discussions set forth above. They do not specifically disclose real-time debit of funds. *Blazing* discloses real-time electronic debits at Abstract. It would have been obvious to one of ordinary skill in the art at the time the invention was made to have used the electronic debit mechanism of *Blazing* in the combination of *Kravitz* and *Gopinathan*.

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because this would have speeded payment, increased merchant confidence of payment, and reduced fraud losses as specifically disclosed by *Blazing*.

With respect to Claims 15 and 49, placing a hold on funds would be obvious because this would assure collection of funds from a payor.

Claims 10, 24, 44 and 58 are rejected under 35 U.S.C. 103(a) as being unpatentable over *Kravitz* and *Gopinathan et al* in view of *Hilts et al*.

With respect to Claims 10 and 44, *Kravitz* and *Gopinathan* disclose the invention substantially as claimed. See the discussions set forth above. They do not specifically disclose reversible transactions. *Hilts et al* disclose such a feature at Abstract and Background of the Invention. It would have been obvious to one of ordinary skill in the art at the time the invention was made to have provided for transaction reversal as disclosed in *Hilts* in the combination of *Kravitz* and *Gopinathan* because this would have allowed for restoration of the state prior to an exceptional or defective transaction so as to eliminate loss to a seller in a particular transaction.

With respect to Claims 24 and 58, see the discussions of Claims 44 and 35 above.

Response to Arguments

Applicant's arguments with respect to the claims have been considered but are moot in view of the new ground(s) of rejection.

Conclusion

The prior art made of record and not relied upon is considered pertinent to applicant's

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disclosure.

US 6,283,366 Hills et al. Cited for its disclosure of ACH and NACHA elements of electronic check processing.

Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Charles Kyle whose telephone number is (571) 272-6746. The examiner can normally be reached on 6:30 to 3:00.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin can be reached on (571) 272-6747. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent

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Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

crk
August 24, 2005

Examiner Charles Kyle

